TFSA Investors: 2 REITs That Pay You More Than 5% in Dividends Every Year

Description

One of the best types of investments you can put into a Tax-Free Savings Account (TFSA) is a real estate investment trust (REIT). The reason REITs are so attractive is that they offer a lot of stability.

As tenants need to pay their landlords on a recurring basis, investors will benefit from the recurring revenue and consistency and not have to worry about a company constantly having to find business. REITs also pay dividends and can be strong sources of income for investors.

Below are two REITs that could be great additions to your portfolio today:

SmartCentres Real Estate Investment Trust (TSX:SRU.UN) is a great stock to hold, as it not only has properties across the country, but those properties are anchored by top retailers.

Names like Winners, Shoppers Drug Mart, Tim Horton, and Best Buy are common at many of its locations – and that's without mentioning the biggest one of all: **Walmart**.

The big-box chain is found at many of the REIT's properties, which not only does helps attract shoppers, but also helps bring in other tenants as well as it drives up the value of the location in the process.

SmartCentres has been steadily growing over the years. with revenue increasing from $725 million in 2016 to more than $790 million in 2018.

The company's seen a lot of stability in its bottom line as well, as only once during the past three years has net income fallen below $300 million, and even then, it still came close at $297 million.

The REIT's strong financials make its dividend yield of 6% that much more attractive, and sustainable. With a strong business and a good yield, there are many reasons why SmartCentres is a great buy for the long term. Currently, the stock is also trading right around its book value.

For investors who don't want exposure to retail, **WPT Industrial Real Estate Investment Trust** (TSX:WIR.U) could be a good alternative. Not only does the REIT not focus on retail, but it exclusively focuses on U.S. properties. As of September 30, the REIT had 76 properties in 18 states across the U.S., with 99.5% of the space already leased.

With the U.S. economy still looking very strong, the demand for industrial properties isn't going anywhere and could continue to be that way for the foreseeable future.

While there have been concerns of a possible recession being nearby, we haven't seen a significant slowdown in the economy take place just yet as it continues to add jobs.

The REIT has its locations nearly maxed out, and even a small dip in those percentages would still give WPT with an impressive occupancy rate, well over 90%.

Over the trailing 12 months, WPT's revenue has been $112.5 million with net income a solid $86.9 million. The company is growing at a very strong rate, as in 2016 its sales were $71.1 million and profits totalled just $34 million.

Currently, WPT pays its shareholders a dividend which yields 5.5% per year. That payout could grow over the years, especially if WPT continues reporting such strong numbers.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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Date
2025/08/21
Date Created
2020/01/09
Author
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